

NEW YORK CITY
DEPARTMENT OF INVESTIGATION

TO: FILE

DATE: MAY 25, 2017

FROM: BERGIA TELESFORD
DEPUTY INSPECTOR GENERAL

RE: CASE NAME: MATRIXX CONST.
CMS NUMBER: 15-10888
CASE NUMBER: 15-215

CLOSING MEMORANDUM

The following is only a summary of information pertaining to this investigation and does not contain each and every fact learned during the course of this investigation.

ORIGIN OF CASE AND NATURE OF ALLEGATION:

On October 21, 2015, the New York City Department of Investigation ("DOI"), Office of the Inspector General ("OIG") for the New York City Housing Authority ("NYCHA") received a referral from NYCHA's Audit Department regarding Matrixx Construction, Inc. Reportedly, during a review of the payment process for small procurements by NYCHA's Accounting Operations Department, Audit identified questionable transactions for which Matrixx billed NYCHA and received payment for work purportedly performed by NYCHA employees at Glenmore Houses in April 2015.

RESULTS OF THE INVESTIGATION:

Matrixx was incorporated in June 2014, and became a NYCHA vendor on or about March 24, 2015. Incorporation documents revealed that Matrixx is owned by [REDACTED] [REDACTED] a former NYCHA superintendent, who worked with NYCHA from May 1984 until his retirement in August 2013, at a base salary of \$80,000. NYCHA's Human Resources records show that throughout his tenure, [REDACTED] worked at various developments¹ in Brooklyn as an assistant superintendent from February 1995 to October 2001, and then as a superintendent from October 2001 until his retirement in August 2013.

In accordance with NYCHA's Standard Procedure 008:03:1 VI. Small Procurements, no competitive bids are required when contracting for services or materials costing \$5,000 or less. The initiating development obtains a proposal from a contractor/vendor, enters a requisition in NYCHA's iProcurement database indicating the type of work to be performed, and attaches the proposal along with the vendor's insurance information before submission to the designated buyer in NYCHA's Procurement Department ("PD") for approval. Once approved, a purchase order is created and automatically sent to the vendor, and the PD buyer then emails a copy of the same purchase order to the initiating development/department.

In accordance with NYCHA's Standard Procedure 040:09:7, development management staff is responsible for reviewing and determining if a repair requires Skilled Trades, Technical Services ("Tech Services"), or Emergency Services staff, or a vendor, and for making notifications where applicable. For move-out apartments, the development super/designee creates an apartment inspection move-out work order in Maximo and schedules necessary repairs through the creation of child work orders using Maximo.

For vendor work, the vendor is required to pick up the work order from the super/designee upon arrival at the development, sign the contractor's log book, and return the signed work order to the super/designee upon completion of the work. As part of his responsibilities, the super schedules public space

¹ Fiorentino Plaza, Reid Apartments, Park Houses, Van Dyke Houses, Elden Houses, and Howard Houses

work according to the availability of staff, and is responsible for initiating, monitoring, and inspecting the completed jobs of vendors to ensure that the work conforms to the purchase order specifications. The housing manager or super then enters a receipt in iProcurement, which triggers the payment of the invoice by NYCHA's Accounts Payable Division.

As part of its investigation, the OIG reviewed data from NYCHA's Oracle/MarkView (hereafter "Oracle") databases for information pertaining to purchase orders issued to Matrixx, invoices submitted by Matrixx to NYCHA for payment, and payment data. The OIG also reviewed the Maximo database for work order information related to the various purchase orders and invoices. In addition, the OIG obtained and reviewed documentation maintained at the respective developments and the Maintenance Repair and Skilled Trades Department. The OIG inspected NYCHA apartments in which Matrixx purportedly performed work, and also interviewed residents. In addition, the OIG interviewed NYCHA staff as well as [REDACTED] the owner of Matrixx.

Further, for purchase orders and/or invoices that did not list a related work order, the OIG retrieved from Maximo a work order history for the respective apartments and attempted to match the description listed on the work orders to the respective purchase orders and invoices in order to identify existing work orders, and to ascertain whether the work was performed by Matrixx or a NYCHA worker. The OIG further reviewed the contractor's log book maintained at the developments in order to ascertain whether Matrixx was on site at the development on the date indicated on the work order.

NYCHA's Oracle database revealed that NYCHA issued small purchase orders in excess of \$750,000 to Matrixx from March 2014 to the present, for work performed in NYCHA apartments and public spaces at various developments. The records further show that in June 2016, Matrixx was awarded a requirements contract in the amount of \$398,432 for installation of bathtub wall surrounds in various NYCHA developments.

With regard to the questionable transactions identified at Glenmore Houses, the OIG obtained and reviewed the signed copies of the work orders listed on the invoice that Matrixx submitted to NYCHA for payment. The OIG's review revealed:

Duplicate Work Orders:

PO #1510810, dated 4/16/15, and the related invoice, #29, for a total cost of \$2,439, which listed four apartments, as well as the respective work orders, indicate that Matrixx painted (2 coats) where repairs were made. For three of the four apartments, the OIG found duplicate Xerox copies of the same work orders, where one work order indicates that the work was purportedly performed by a NYCHA employee, while the other copy indicates that Matrixx performed the work. The work orders with original signatures could not be located at the development. Detailed information for these three apartments is as follows:

1). 89 Christopher Avenue, Apt. [REDACTED]

Work Order #35848756 retrieved from Maximo, reported on 4/16/2015 and closed on 4/27/15, shows that NYCHA paint worker, [REDACTED] painted the kitchen on 4/24/15 between 12:30pm and 2:30pm. However, a Xerox copy of the same work order, purportedly signed by Matrixx, the tenant, and the super indicates that Matrixx plastered and painted the entire kitchen also on 4/24/15 (no time frame is listed on the work order).

During an OIG apartment inspection, the tenant reported that a NYCHA worker did the work in the kitchen and that the worker showed a NYCHA ID as identification.

The OIG spoke to [REDACTED] [REDACTED] who stated that he did paint work at the apartment. However when it was pointed out that Kronos timekeeping records do not show any swipe in or out for him on 4/24/15 at Glenmore Houses, [REDACTED] stated that he may not have swiped in upon arrival at the development.

2). 109 Christopher Avenue. [REDACTED]

Work Order #36736594 retrieved from Maximo, reported on 3/30/2015 and closed on 4/16/2015 at 9:58am, shows that NYCHA paint worker [REDACTED] "prep & primed & fines" (prepped, primed and painted) the bathroom on 4/16/15, between 12:30pm. and 3:00pm. Two Xerox copies of the same work order were obtained from Glenwood Houses Management. One Xerox copy was purportedly signed by [REDACTED] and the tenant, while the other Xerox copy was painted on 4/16/15 between 10:00am and 12:00pm.

Work Order # 36736882 and 36737037 retrieved from Maximo for the foyer/hallway, reported on 3/30/15 were closed on 4/17/15 at 9:37am and 9:38am, respectively. The work orders show that NYCHA paint worker [REDACTED] prepped, primed and painted the foyer/hallway on 4/16/15, between 8:00am and 10:30am; and 10:30am and 12:30pm, respectively. A different Xerox copy of the same two work orders show that Matrixx painted the foyer/hallway on 4/17/15 between 10:00am and 12:00pm.

When interviewed, [REDACTED] [REDACTED] reviewed the work orders bearing his signature and stated that the signature and handwriting, "prime, prep and fines," on each of the work orders is his and that he did the work in the apartment. [REDACTED] stated that "fines" means painted. Kronos time keeping records show that [REDACTED] was at Glenwood for the entire day on 4/16/15 and at a different development on 4/17/15.

During an OIG apartment inspection, the tenant informed the OIG that private workers did the repair and paint work in the apartment and that he knows this because they told him so when asked who they were.

3). 109 Christopher Avenue. [REDACTED]

Work Order #36700488 retrieved from Maximo, reported on 3/26/15 and closed on 5/14/15 was for the bathroom to be painted. The work order shows that NYCHA paint worker [REDACTED] performed the work in the apartment on 5/13/15 between 1:00pm and 3:30pm. The Xerox copy of the same work order shows that Matrixx performed work in the apartment on 4/16/15 between 12:00pm and 2:00pm.

[REDACTED], whose signature appears on the signed Xerox copy of the work order, reviewed the work order and told the OIG that the signature and hand writing on the work order is his and that he performed the work in the apartment. Kronos show that [REDACTED] was at Glenwood for the entire day on 5/13/15 and at a different development on 4/16/15.

During an apartment inspection, the tenant informed the OIG that two private persons did the paint work in the bathroom.

The OIG spoke to Glenmore Super [REDACTED] who stated that Matrixx did the work in the three above-mentioned apartments, but she could not say with certainty whether the work was inspected upon completion. [REDACTED] stated that the work orders, which listed the owner group as "TSDEFO," were intended for Tech Services staff to perform the work. However, because there was a big push to close out work orders, Matrixx was given the existing work orders in order to have the work completed. Regarding the closed out work orders in Maximo showing that NYCHA workers had

performed the work. [REDACTED] stated that her staff may not have done anything upon accessing Maximo and seeing the work orders already closed out, and added that it should have been brought to her attention. [REDACTED] stated that workers from Tech Services come to the development with work orders already in hand, and although they may swipe in/out at the development, they do not always make their presence known.

The contractor's log book maintained at Glenmore shows that Matrixx did not sign in on any date in April 2015 or May 2015.

During his OIG interview, [REDACTED] reviewed the five above-mentioned work orders and stated that his workers did the work in the respective apartments. [REDACTED] also reviewed the applicable invoice and stated that having the work order numbers listed on the invoice meant that he had the work orders prior to doing the job. Regarding the Maximo database showing NYCHA staffers as having done the work, [REDACTED] reiterated that his workers did the work and stated that he has no control over what the development did with respect to the Maximo data input.

To ascertain whether Matrixx received payment for work purportedly performed by NYCHA workers, the OIG retrieved from Oracle 65 purchase orders that NYCHA issued to Matrixx for the period March 2015 to October 2015. Of the 65 purchase orders, 14 (including the purchase order for Glenmore Houses previously discussed) represent work performed in 51 NYCHA apartments.² The remaining 51 purchase orders represent work performed in over 100 public spaces.³

For the 14 purchase orders reviewed, the OIG found that the work indicated on five (5) purchase orders representing 14 apartments was performed by the vendor. For the remaining nine (9) purchase orders representing 37 apartments, the OIG's review revealed the following:

Cancelled Paint Work:

Woodson Houses - 365 Powell Street, Apt. [REDACTED]

Purchase Order #1511345, dated 4/21/15, indicates that four apartments, which included Apartment [REDACTED] and Work Order # 36822401, were painted (2 coats needed due to plastering) for a total cost of \$4,200. The related invoice, #30 for a cost of \$4,200, indicates repair walls by using wire mesh, stucco light, and plaster. After plastering, prepare for prime and painting with 2 coats for the (four) locations."

Maximo - Work Order #36822401 for plastering, reported on 4/2/2015 and scheduled for 12/10/2015 was closed on 4/27/2015 because the resident called and cancelled. A 4/27/15 note indicates work order "cancelled from call center." Nonetheless, a copy of the work order, purportedly signed by the tenant, Matrixx, and NYCHA supervisory sign off on 5/20/15, indicates that on, "Mon 4/27 kit wall plaster/paint, paint bathroom, 1 wall in B/R, B/R radiator pipe, hall wall."

During an OIG apartment inspection, the tenant informed the OIG that in early 2015, her apartment was plastered by two NYCHA workers who, when asked, advised her to contact the call center to schedule an appointment for the apartment to be painted. The tenant stated that the call center representative told her that the earliest available appointment for painting would be in 2016; therefore, she cancelled the paint job and has been painting the apartment herself. The tenant reviewed the work

² Work performed in apartments included: repairing, plastering, and painting of walls, repairing bathroom leak and toilet stoppage; removal of debris, cleaning, stripping and waxing of floors in vacant apartments, and preparing apartment for move-in ready condition, etc.

³ Work performed in public spaces included: repair of walkways and tripping hazards, roof, lobby and/or basement doors; replacement of broken windows, repair of fences and sink holes around storm drains; cleaning sewer and drain lines; stripping and waxing of hallways in various buildings, etc.

order and said that the signature thereon is hers. The OIG observed that the tenant was still in the process of painting the apartment.

Woodson management was unable to locate the original signed copy of the work order. Further, the contractor log book was not signed to indicate that Matrixx was present at the development during the month of April or May 2015.

In separate OIG interviews, Housing Manager [REDACTED] and Super [REDACTED], in substance, could not confirm that Matrixx performed paint work in the apartment on 4/27/15. However, they provided the OIG with work order # 37220818, which shows that on 4/28/15 between 11:10am and 11:35am, a NYCHA staff visited the apartment and noted on said work order that the plastering was done and that the apartment now needs painting. They both stated that the super's signature on the work order does not mean that the work was inspected, and explained that in general, a work order bearing the signature of the vendor and the tenant would be approved in Oracle for payment. [REDACTED] and [REDACTED] stated that work orders are required for all work whether performed in apartments or public spaces, and that if there is no work order one would be created in Maximo after the work is completed.

[REDACTED] reviewed Work Order # 36822401 and acknowledged that the signature for the super on the work order is hers, but could not explain why there is a cancelled work order in Maximo when the signed copy of the work order shows that the work was performed.

In his interview, [REDACTED] recalled there being small holes in the apartment that needed plastering work, which his workers did, and also painting of the area that was repaired. When shown Work Order # 37220818, showing that a NYCHA staff visited the apartment on 4/28/15 and the notation about the apartment being plastered but in need of painting, [REDACTED] stated that the notation is vague because it does not specify where paint work is needed or if the entire apartment needs painting.

Work performed before Purchase Order Date:

Howard Houses

61 Thatford Street, Apt. [REDACTED]

Purchase order 1511649, created on 4/23/15 reads, "repair/debree removal. Address is 61 Thatford Apt. 5C." is for a total cost of \$3,900. The related invoice, # 19, for \$3,900 and dated 4/25/15, reads, "repair leaking conditions in the bathroom and kitchen, also remove debree. This includes clearing stoppages and toilet replacement. Labor and material included."

Neither the purchase order nor the invoice listed a work order number. However, the Maximo Work Order, # 36992151, shows that on 4/20/15, NYCHA maintenance worker [REDACTED] verified a leaking condition in the toilet and replaced the toilet on 4/22/15 under Work Order # 37085434, which is prior to the 4/23/15 purchase order date.

During an apartment inspection, the NYCHA tenant informed the OIG that a NYCHA worker replaced the toilet and that he has seen the worker around the development.

Super [REDACTED] informed the OIG that the original signed copy of Work Order # 37085434 could not be located, and stated that the worker whose name appear on the Maximo printout is the person who did the work. When asked whether any vendors did work in the bathroom at Apartment 5C, [REDACTED] recalled that [REDACTED] was hired to replace the toilet in the apartment. [REDACTED] also recalled [REDACTED] going to the apartment, verifying the leaking condition, reporting bedbug infestation

(documented in Maximo), and having concerns about her health and safety because of the condition in the apartment. [REDACTED] stated that in consultation with Housing Manager James Luka, [REDACTED] was hired to replace the toilet in the apartment and that he ([REDACTED]) inspected the work upon completion. [REDACTED] could not explain why Work Order # 37085434 was closed out in Maximo indicating that [REDACTED] replaced the toilet, but attributed it to human error. The OIG's review of the contractor log book maintained at the development shows that Matrixx signed the log book on 4/21/15, indicating "two men at maint," which is prior to the 4/23/15 purchase order date. [REDACTED] was unable to explain this inconsistency but maintained that [REDACTED] replaced the toilet in the apartment.

In his OIG interview, [REDACTED] stated that he personally worked in Apartment [REDACTED] along with one of his workers. In sum and substance, [REDACTED] stated that the apartment was "a mess." It was infested with bedbugs and because of the toilet stoppage (filled with feces) the housing manager and the super asked him to do the repair work in the toilet. [REDACTED] stated that he and his worker had to wear hazard suits to work in the apartment. When asked about the Maximo copy of the work order showing that a NYCHA worker replaced the toilet in the apartment or that he signed the contractor's log book on 4/21/15 when the purchase order date is 4/23/15, [REDACTED] stated that he cannot speak for the development and has no control over what the development does.

Incorrect worker's name listed on work order:

Unity Plaza

550 Sutter Avenue, 3D – Move-out apartment

Purchase Order # 1510175, dated 4/10/15 and the related invoice #25, dated 5/1/15, for a total of \$1,300, was for removal of excessive debris from the apartment, stripping and cleaning the entire apartment, covering all light fixtures and outlet covers, cleaning entire bathroom and kitchen, windows and window sills, and waxing the apartment floors.

Since no work order number is listed on the purchase or invoice, the OIG obtained a work order history from Maximo for the apartment and identified two work orders, # 36904668 and #36904669, matching the description of work indicated on the purchase order. The work orders list NYCHA Assistant Super [REDACTED] as the worker who purportedly did the work in the apartment between 8:00am and 4:00pm on 4/10/15.

The contractor's log book shows that Matrixx was present at the development on 4/29/15.

Unity Plaza management could not locate the original signed work order. Housing Manager [REDACTED] informed the OIG that since the name in Maximo is that of the Assistant Super, it may have been one of those instances where the work order was not signed and that the Assistant Super's name was entered in Maximo in order to close out the work orders.

In sum and substance, [REDACTED] informed the OIG that there was a push to close out work orders in Maximo because of PHAS inspections⁴ in about April 2015, and because he knew that the work was done, he entered his name in Maximo in order to close out the work orders. [REDACTED] recalled having [REDACTED] do the move-out work in one of the move-out apartments based on the purchase order/proposal, and stated that the work may have been done without a vendor work order being created. [REDACTED] explained that for move-out apartments, work orders for cleaning/stripping work are automatically generated by Maximo for NYCHA

⁴ The Department of Housing and Urban Development (HUD) periodically conducts Public Housing Assessment System (PHAS) physical inspections of all federal subsidized public housing properties to assess the overall conditions of public housing and ensure that it is decent, sanitary, and in good repair

maintenance/caretaker staff. However, if the NYCHA staff is unable to do the work, that work order would be closed and a vendor work order should be opened.

When interviewed, [REDACTED] reviewed the purchase order, related invoice and work orders and stated that he personally did the work in Apartment 3D, and that he may not have been given the work orders, and has no control over what the development management did. [REDACTED] explained that the development should have closed out in Maximo the work order intended for a NYCHA staff and open a child work order under a vendor work order.

Van Dyke I Houses

Work performed in apartments:

Five purchase orders, dated between 3/24/15 and 4/15/15, that NYCHA issued to Matrixx and the related invoices that Matrixx submitted to NYCHA for payment did not list work order numbers for work performed in 20 move-out apartments and 8 occupied apartments. Therefore, the OIG retrieved from the Maximo database work orders that matched the work description listed on the respective purchase orders and invoices in order to identify existing work orders and to ascertain whether the work was performed by Matrixx or a NYCHA worker. The OIG also obtained the original and/or copies of signed work orders where available from the development. The OIG's review revealed that the contractor's log book maintained at the development was never signed by Matrixx for any work performed at the development. The OIG's review also revealed the following:

1. Purchase Order 1508125, dated 3/24/15 and related invoice # 2, dated 3/30/15, in the amount of \$3,950.00 was for work in three apartments, "strip the floors and removing debris. Remove all outlet covers, clean bathroom and kitchen. Light Fixtures secured."

Work performed before purchase order date:

419 Blake Avenue, Apt. 7D – Maximo shows move out strip (caretaker) work was done by NYCHA worker Sandra Stith under Work Order # 35697916 and by NYCHA worker Vernon Corbin under WO # 35697918 on 2/16/15, which is before the 3/24/15 purchase order date. Both work orders were closed in Maximo on 3/4/15, which is also before the 3/24/15 purchase order date as well as the 3/30/15 invoice date.

395 Livonia Avenue, Apt. 12C – Maximo shows move out strip work (maint) was done by NYCHA worker Vernon Corbin under Work Order # 35697968 on 3/4/15 and closed out in Maximo on 3/6/15, which is before the 3/24/15 purchase order date as well as the 3/30/15 invoice date. Further, NYCHA worker Rickey Nesbitt did move out strip work under Work Order # 35697966 (caretaker) on 3/5/15, which was closed out in Maximo on 3/11/15. Both dates are before the 3/24/15 purchase order date and the 3/30/15 invoice date.

Maximo also shows Work Order 35697969 (caretaker button-up) work done by a vendor on 4/6/15. The work order was closed out on 4/10/15.

383 Livonia Avenue, Apt. 11C – Maximo shows move out strip work was done by NYCHA worker under [REDACTED] Work Order # 36525312 (caretaker) on 3/15/15, which is before the 3/15/15 purchase order date, and closed out in Maximo on 4/3/15. Move out strip work was also done by NYCHA worker Maurice Yard under WO # 36525314 (maint) on 3/15/15, which is before the 3/24/15 purchase order date, and closed out in Maximo on 4/3/15.

2. Purchase Order 1508657, dated 3/27/15, and related invoice # 3, dated 3/30/15, in the amount of \$3,950.00 was for work at three apartments, "remove debris, strip entire apartment, cover all light fixtures, remove all outlet covers, clean entire bathroom and kitchen, clean windows and window sills, reinstall all outlet covers, strip and wax entire apartment as needed."

362 Sutter Avenue, 11C – move out strip work was done by a NYCHA worker under Work Order # 35698014 on 2/14/15 and under 35698015 on 3/5/15. The work orders were closed in Maximo on 3/11/15 and 3/6/, respectively.

362 Sutter Avenue, 8F – move out strip work was done by a NYCHA worker under Work Order # 36097927 on 3/3/15 and under Work Order # 36097929 on 3/5/15. The work orders were closed out in Maximo on 3/11/15 and 3/5/15, respectively.

429 Dumont Avenue, Apt. 1A - move out strip work was done by a Vendor under Work Order # 36820113 and by a NYCHA worker under Work Order # 36820114 on 4/3/15. The work orders were closed out in Maximo on 4/9/15.

Maximo shows that the move out strip work was done in Apartments 11C and 8F prior to the purchase order date, and in Apartment 1A after the 3/30/15 invoice date.

3. Purchase Order 1509589, dated 4/6/15 and related invoice # 7, dated 4/14/15, in the amount of \$4,999.50, was for work at four apartments, "remove debris, strip entire apartment, cover all light fixtures and outlet covers, clean entire bathroom and kitchen, clean window and window sills, strip and wax apartment as needed."

414 Sutter Avenue, 14E – move out strip work was done by a NYCHA worker under Work Order # 36787317 and Work Order # 36787318 on 4/2/15, which is before the 4/6/15 purchase order date. The work orders were closed in Maximo on 4/9/15 and 5/5/15, respectively.

375 Blake Avenue, 9D – move out strip work was done by a NYCHA worker under Work Order # 36787458 and Work Order # 36787458 on 4/2/15, which is before the 4/6/15 purchase order date. The work orders were closed in Maximo on 4/9/15.

419 Blake Avenue, 4C – move out strip work was done by a NYCHA worker under Work Order # 36827805 and Work Order # 36827807 on 4/4/15, which is before the 4/6/15 purchase order date. Both work orders were closed in Maximo on 4/9/15.

429 Dumont Avenue, 14G – move out strip work was done by a NYCHA worker Work Order # 36787077 and Work Order # 36787079 on 4/3/15, which is before the 4/6/15 purchase order date. The work orders were closed in Maximo on 4/9/15.

Maximo shows that the move out strip work was done in aforementioned four apartments prior to the purchase order date.

██████ was unable to explain why the difference between the purchase order dates and job performance date listed on the work orders retrieved from Maximo, but commented that a work order created for a NYCHA staff in Maximo cannot be closed out under a vendor's name. ██████ stated that the work orders intended for NYCHA staff should have been closed out and a new vendor work order should have been created as a child work order in Maximo. ██████ stated that he is unable to speak to the

Maximo data and added that he has no control over what the development does with respect to creating vendor work orders or the data entered in Maximo. [REDACTED] further stated that he does not recall being given work orders for any work he performed at Van Dyke and stated that it is on the development to provide the work orders. [REDACTED] stated that he dealt with the super. [REDACTED] and on occasions with one of the assistant supers (he could not recall the name).

4. Purchase Order 1509886, dated 4/8/15 and related invoice #12, dated 4/10/15, in the amount of \$4,990.00 was for glazier work at 15 NYCHA apartments (7 move-outs and 8 occupied), "40 pieces of the following window (Sash) glass were removed and replaced in apartments." No work order numbers were listed on the purchase order or related invoices.

- For the 7 move-out apartments, an apartment search in Maximo revealed glazier work orders for 6 of the 7 apartments, one of which was done by a vendor, while the other work orders were purportedly performed by a NYCHA worker either before the 4/8/15 purchase order date or after the 4/10/15 invoice date; and no work order was found for one of the move-out apartments.
- For the 8 occupied apartments, no glazier work orders were found for 6 of the 8 apartments, and the remaining two apartments for which work orders were found, Maximo shows that the work was performed by NYCHA workers after the 4/10/15 invoice date.

During his OIG interview, [REDACTED] stated that separate work orders would not be found for glazier work in move-out apartments because that work is considered to be part of the move-out work being done in the apartment. With respect to the glazier work for occupied apartments, [REDACTED] stated that no work orders were given to him, and to his recollection, he listed on the invoice only the apartments in which he worked. [REDACTED] stated that he cannot speak for the development and reiterated that he has no control over what the development does with respect to creating vendor work orders or the data entered in Maximo.

5. Purchase Order 1510689, dated 4/15/15 and related invoice #20, dated 4/24/15, in the amount of \$3,900.00 was for work at three apartments, "remove excess debris, strip entire apartment, cover all light fixtures and outlet covers, clean entire bathroom and kitchen, clean windows and window sills, strip and wan entire apartment as needed."

390 Sutter Avenue, 8F – Maximo shows vendor cleanup work performed under Work Order # 36823922 on 4/2/15 and that the work order was closed out in Maximo on 4/9/15, which is prior to the 4/15/15 purchase order date. Maximo also show that move out strip work was done by a NYCHA worker under Work Order # 36823923 on 4/6/15 and that the work order was closed on 4/9/15, which is prior to the 4/15/15 purchase order date.

422 Blake Avenue, 9G– Maximo shows vendor cleanup work performed under Work Order # 36884015 started on 4/9/15 and ended 4/10/15, and closed out in Maximo on 4/14/15, which is prior to the 4/15/15 purchase order date. Maximo also show that move out strip work was done by a NYCHA worker under Work Order # 36884024 on 4/9/15 and closed on 4/14/15, which is prior to the 4/15/15 purchase order and invoice date.

393 Dumont Avenue, Apt. 1C - move out strip work was done by a NYCHA worker under Work Order # 36942054 on 4/13/15 and under Work Order # 36942055 on 4/14/15, which is before the 4/15/15 purchase order date. The work orders were closed in Maximo on 5/4/15.

█████ repeated the same information as previously stated about not being given work orders and being unable to speak to the Maximo data that the development staffers entered in Maximo.

During an OIG interview, █████ the former super at Van Dyke Houses, in sum and substance stated that work orders are not always created for all jobs performed at the development, especially those in public spaces. █████ stated that to his recollection, in early 2015 or thereabout, there was a concerted effort to keep the work order numbers down and to get as many work orders closed out in time for the PHAS inspection.⁵ █████ stated that through Housing Manager █████ ("█████" and Borough Administrator (could not say who), he and the other supers and assistant supers were advised that the general manager wanted them to "think outside the box" in order to get the turnaround on move-out apartments down to 10 days instead of the 20 days it generally took to have move-out apartments move-in-ready, and that "they" (meaning development staff) are to keep the work order numbers low.⁶ █████ stated that based on this information, work orders were not always created for every job, especially those for which vendors were hired.

█████ reviewed the above-referenced purchase orders, payment data from Oracle showing that he authorized the respective invoices in Oracle for payment, and the applicable original work orders where available and/or retrieved from Maximo. █████ stated that he rarely approves invoices in Oracle for payment and that although that is one of his job responsibilities, he had the storeroom clerk perform that function on his behalf by providing her with his access code to Oracle so that she could input the receipt information to facilitate the payment of invoices.⁷ █████ stated that he was not aware that he was not supposed to share his access code with anyone. When shown the purchase orders for which no work orders were found in Maximo matching the description of work listed on the purchase orders or invoices, █████ stated that it is not a requirement to list work order numbers on purchase orders or invoices. However, there are times when requesting a purchase order in Oracle, a system prompt would require that a work order number be listed.

█████ stated that the name of a NYCHA worker appearing in Maximo as having done the work may not necessarily have done the work, but that the name may have been entered in Maximo just to close out the work order. █████ further stated that a work order listed under a NYCHA craft does not necessarily mean that a NYCHA worker did the work because a vendor could have done the work without a vendor work order being created by utilizing the same work order intended for a NYCHA staffer.

█████ reviewed work orders bearing the super's purported signature, acknowledged that he signed off on the work orders, and commented that his sign off does not mean that the work was necessarily inspected.

During his OIG interview, █████ stated that he did a lot of work in move-out apartments at Van Dyke Houses, but does not recall getting any work orders for any of the jobs. █████ stated that things were very

⁵ Regional Asset Manager █████ ("█████" Mixed Finance Property Management Department, informed the OIG that closing work orders in Maximo has nothing to do with PHAS inspections, but requires developments to close out those work orders that could be closed and make arrangements to get the necessary work done. Furthermore, pre-PHAS inspections are not generally done too far in advance of a scheduled PHAS inspection. An Inspection Summary Report shows that Van Dyke was scheduled for a PHAS inspection towards the end of the year, in November 2015. █████ also stated that in early 2015, there was a push to reduce the turnaround time for move-out apartments from 20 days to about 15 days, and as an incentive to get the work done to accommodate the homeless, developments had the option to have its staff work overtime, borrow staff from another development or department, or have a vendor do the work.

⁶ █████ in sum and substance stated the same as █████ and added that reducing the turnaround time for move-out apartments did not mean that procedures should be negated. █████ explained that "thinking outside the box" meant that instead of waiting for weeks for say, a Skilled Trades worker to do a job, the development was given the option of borrowing staff from another development, having staff work over time, or having a vendor do the work needed. Huggins further stated that work orders are needed for all work performed by vendors, whether done in apartments or public spaces.

⁷ Storeroom Clerk █████ denied ever using █████ Oracle password to facilitate payment of invoices and stated that she does not know █████ password to access his computer.

hectic at the development because of the big drive to make move-out apartments move-in ready in dealing with the Department of Homeless Services, pending PHAS inspections, Next Generation preparations, and being short staffed. Therefore, work orders were rarely given to him. [REDACTED] stated that he dealt with [REDACTED] and that he [REDACTED] always made sure that he was given purchase orders for the jobs he was hired to perform, and always listed the addresses and apartments in which he worked on the invoices.

Work performed in public spaces:

The OIG also reviewed the 51 purchase orders and related invoices for work purportedly performed by Matrixx in public spaces for over 100 locations throughout developments in Brooklyn, Queens, Manhattan and the Bronx.⁸ NYCHA's Accounts Payable records show that Matrixx received payment for the invoices submitted to NYCHA, in the amount of \$238,986.

The OIG attempted to obtain original work orders for the work purportedly performed by Matrixx, but was able to obtain work orders for only two of the invoices, one for Woodson Houses and the other for East River Houses. The OIG spoke with supers, assistant supers, and or the Housing Manager ("management staff") regarding the missing work orders. In sum and substance, some management staffers informed the OIG that work orders are required for all work, whether performed in NYCHA apartments or in public spaces, and whether done by a NYCHA worker or vendor, while others stated that work orders are generally not created for work done by vendors in public spaces. Regarding invoices submitted by Matrixx for payment, the management staff could not say with certainty that all work purportedly performed by Matrixx was inspected, but stated that in general, the purchase orders/proposals must have been used in conjunction with verbal communication that development staff inspected the work and verified that the work was completed.

During his OIG interview and in relation to work performed in public spaces, [REDACTED] reiterated that he was rarely given work orders and stated that his workers did not ask for any upon arrival to do work in public spaces. Upon drawing his attention to the fact that the contractor's log book at Van Dyke Houses was never signed upon arrival to do work, [REDACTED] stated that his staff, which could be one, two or three workers depending on the need for the job at hand, was instructed to sign the contractor's log book upon arrival at the development, but stated that the book was not always accessible to them. [REDACTED] stated that he also instructed his staff to always have someone from the office verify the completed work, and reiterated that he has no control over what the development does or entered in the Maximo database.

In order to ascertain whether [REDACTED] was involved in any type of kickback to NYCHA employees to secure work at NYCHA developments, the OIG subpoenaed the banking records for Matrixx and [REDACTED] from Citibank, Chase Manhattan Bank, and Pacific NJ, as indicated on the cancelled NYCHA checks. The OIG's review of the subpoenaed records did not reveal any anomalies. As the majority of the cancelled NYCHA checks were negotiated at Pacific NJ, the OIG spoke with [REDACTED] [REDACTED] (" [REDACTED] the compliance officer for Pacific. [REDACTED] informed the OIG that it is fairly common for businesses such as small contractors to use check cashing facilities because of the need for immediate cash flow for continued operations.

The OIG spoke to [REDACTED] [REDACTED] Deputy Director, Department of Management and Planning, who is the operation liaison for NYCHA's Information Technology ("IT") regarding any changes pertaining to Maximo. [REDACTED] stated that with a few exceptions (i.e. deferred maintenance, violations, court case and elevator work orders, etc.), there is nothing in Maximo that would prevent a user from closing any work order

⁸ These developments included Bushwick Houses, Baisley Houses, East river Houses, Hammel Houses, Hope Gardens, Howard Houses, Elden Houses, Kingsborough Houses, Woodson Houses, Ocean Bay Houses, Patterson Houses, Smith Houses, Justice Sotomayor Houses, Throgs Neck Houses, Unity Plaza, Van Dyke Houses, Wagner Houses, and Whitman Houses.

in Maximo, regardless of craft, which includes vendor work orders.⁹ Also, there is nothing that prohibits a vendor work order from being closed out in Maximo under the name of a NYCHA worker, and vice versa. With respect to having a new work order created when the craft intended for a vendor is performed by a NYCHA worker and vice versa, [REDACTED] stated that there is no need to create a new work order because the user can access the owner group field in Maximo, which is not a locked field, and change the owner group from Skilled Trades or Technical Services to Development as needed, and vice versa.

CONCLUSION AND RECOMMENDATIONS:

The OIG's investigation into whether Matrixx was paid for work it did not perform was inconclusive because NYCHA staff did not follow NYCHA's Maximo work order procedures by failing to: (1) always create work orders for all work performed by NYCHA vendors, whether done in apartments or in public spaces; (2) accurately input into Maximo whether work orders were completed by NYCHA staff, or by a vendor; (3) ensure that the contractor's log book maintained at the development is signed by vendors upon arrival to perform a job; and (4) inform management of duplicate work orders, where one copy of the work order showed NYCHA staff as having performed the work, while the other copy showed the vendor. Moreover, the development management staff was unable to locate numerous signed original work orders for work purportedly completed by the vendor and/or NYCHA workers.

Additionally, the OIG was unable to independently determine whether the work performed by the vendor was inspected and verified by management staff before approval for payment because proof of verification was not documented. The OIG also had difficulty in identifying applicable work orders for the respective purchase orders and related invoices because work order numbers are not required to be listed on purchase orders and/or related invoices. Information obtained through review of purchase orders and invoices retrieved from Oracle, as well as apartment inspections, and interviews with NYCHA residents and development staff support the OIG's findings.

Based on the above, the OIG makes the following policy and procedure recommendations:

- NYCHA retrain its staff with respect to Maximo usage, with an emphasis on adherence to existing policies and procedures concerning, a) the importance of ensuring that the name of the individual or vendor who did a job is accurately entered in Maximo; b) that NYCHA staff list their name and NYCHA badge number on completed work orders for work they performed, if not in possession of a Portable Data Device; c) that Maximo users update the Maximo database when a work order from one owner group (such as Skilled Trades) is being reassigned to another owner group (such as the development); and d) that work orders be created for all work performed by vendors in public spaces as well as in apartments.
- Ensure that all original signed work orders are maintained on file at the development management offices for auditing purposes.

During an OIG interview, [REDACTED] (the former Van Dyke Houses Superintendent) claimed that he provided the storeroom clerk with his Oracle password access to perform receipt function in Oracle, which facilitates the payment of vendor invoices. Although the storeroom clerk denied [REDACTED] claim, the OIG makes the following policy and procedure recommendation:

⁹ "Vendor" is one of the crafts that is handled by the development, which is one of the owner groups

- NYCHA staff be reminded that their computer and/or database access password(s) must not be shared with other employees.

The OIG also recommends that this case be closed and that the OIG's findings be referred to NYCHA Management with the following additional policy and procedure recommendations:

- Revise work order form so that vendor name and/or assigned vendor number must be noted on the work order upon completion of work and be reflected on closed vendor work orders in Maximo.
- Require that staff performing the work order close-out function in Maximo inform the respective supervisors if the work order in hand is already closed out in Maximo.
- Require that vendors performing work under small purchase orders submit a NYCHA Statement of Service Form along with signed copies of work orders for all work performed. This form requires the vendor to list the purchase order number on the form, and must be signed by a NYCHA employee certifying that the work performed by the vendor has been satisfactorily completed and inspected. This form further facilitates payment of invoices submitted by vendors, and is currently in use for blanket purchase order contracts.
- Request that vendors list all work order numbers on invoices for which payment is being requested.

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